

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
ENVIRONMENTAL FINANCIAL ADVISORY BOARD**

**Affordability Workshop
August 18, 2004**

**Omni San Francisco Hotel
Telegraph Hill Conference Room
500 California St.
San Francisco, California 94104**

AGENDA

WORKSHOP TOPIC Explore US water and wastewater affordability problems and solutions, particularly those that affect lower income groups.

WORKSHOP GOALS

- Gather expert information about the importance of affordability to the utility industry, including why they are concerned about affordability, their ideas about what constitutes effective affordability programming and what EPA needs to do to support industry/utility concerns.
 - Define the nature and extent of the water and wastewater problems, including some definition of what constitutes an affordability problem, where high-rate communities are located, how many communities are facing affordability problems and how to obtain a better sense of the size of the affordability gap.
 - Obtain input from consumers and state/local governments on their view of affordability problems and effectiveness of various solutions that have been implemented or are under consideration.
 - Determine who has the responsibility of funding and implementing these programs, what resources are available, what are the constraints, what efforts are working and whether these are transferable (e.g., successful case studies).
 - Report back to EPA, based on insights and information received at the workshop, any recommendations developed regarding EPA's role relating to the affordability issue.
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9:00 am **Introduction/Overview of Workshop**
Call to Order by Stan Meiburg, EFAB Executive Director
Welcome by Lyons Gray, EFAB Chair
Welcome by Laura Yoshii, EPA Deputy Regional Administrator
Workshop Overview by Andrew Sawyers and John McCarthy, Project Co-Chairs

This would include the official opening of the workshop, introductions, and a brief outline of the workshop's structure, process, and goals.

9:15 am **Utility Industry Panel**
Moderator, George Raftelis, Raftelis Financial Consulting, Inc.

Confirmed Panelists

Peiffer Brandt, Raftelis Financial Consulting, Inc.
David Hasson, City of Portland
Alex Hinojosa, Cabrera Capital Markets, Inc.
Ken Kirk, Association of Metropolitan Sewerage Agencies
Albert Warburton, American Water Works Association

This session would allow an overview of affordability programs and a summary of effective programs in the US, components of an effective community's affordability program, and the discussion of affordability from an industry association perspective. (See questions at Attachment A, B, & C)

10:45 am **BREAK**

11:00 am **Utility Industry Panel (continued)**

12:00 pm **Lunch**
Keynote Speaker, Ben Grumbles, EPA's Acting Assistant Administrator for Water

Speaker would discuss and explore ways to help federal, state, and local governments, private operators and communities to bridge their concerns related to affordability issues.

1:20 pm **BREAK**

1:30 pm **Consumer/State Government Panel**
Moderator - Dr. Jack Greer, Director, University of Maryland Environmental Finance Center

Confirmed Panelists

Stephen Gasteyer, National Rural Community Assistance Program
Tim Dayonot, Director, California Department of Community Services
(representing the Low Income Home Energy Assistance Program (LIHEAP))
Olivia Wein, National Consumer Law Center
Karen Massey, Missouri Environmental Improvement and Energy Resources Authority
Robert Raucher, Stratus Consulting Inc.

This session would allow an overview of data compiled from census and other sources comparing user rates and incomes for distinct populations, how rates have risen in specific communities and impacts on consumers (delinquencies, water shut-offs), the challenges faced in assisting communities to make affordable infrastructure improvements, and a discussion of how affordability programs work, cost, criteria for assistance and amount of need. (See questions at Attachment D)

2:45 pm **BREAK**

3:00 pm **Consumer/State Government Panel (continued)**

4:00 pm **Public Comment and Workshop Recap**
Public
Expert Panelist
George Raftelis and Dr. Jack Greer, Moderators
John McCarthy & Andrew Sawyers, Project Co-Chairs

Public comments will be accepted from the audience, and the EFAB and EPA attendees will do a post-mortem on the workshop and discuss next steps.

4:45 pm **Wrap-Up**
Stan Meiburg, EFAB Executive Director

5:00 pm **Adjourn**

Attachment A

Environmental Financial Advisory Board Affordability Workshop Utility Industry Panel Questions to Industry Representatives

1. Identify the components of an effective affordability program.
2. Identify the types of assistance that are available through effective affordability programs.
3. What are typical funding sources available to municipal utilities for affordability programs?
4. How would you describe whether rates or charges are affordable or unaffordable?
5. How do median household income and/or poverty level income get considered in designing an effective affordability program?
6. Discuss the difficulties/inequities of having the need of affordability assistance based upon “median household income.”
7. What agency(ies) within a community should be responsible for implementing an effective affordability program?
8. What are some of the difficulties in implementing an effective affordability program?
9. Provide an overview of several communities with effective affordability programs.
10. What message would you send to EPA, or any state regulatory and/or funding agency, related to their role in addressing affordability among utility customers?
11. Identify the current delinquency rate and what percentage of that total is made up of customers that might fall in an unaffordability category.

Attachment B

Environmental Financial Advisory Board Affordability Workshop Utility Industry Panel Questions to Municipal Utility Managers with Effective Conservation Programs

1. Describe the components of your affordability program.
2. How large is your group of customers that qualify for affordability assistance?
3. What is your community's median household income?
4. Identify poverty levels for household sizes of 1,2, 3, and 4 people. Describe how your affordability customers fall into these household sizes.
5. How is your affordability program meeting the needs of disadvantaged customers?
6. Which agency(s) qualifies and administers your affordability program? How does this agency(s) qualify customers for affordability assistance?
7. What funding sources are available for your affordability program? (e.g., other utility customers, volunteer contributions, other government transfers, etc.) Which are the most effective, and why?
8. Do you receive federal and/or state assistance in providing for affordability assistance? If so, from which agencies and to what degree?
9. What is your average level of assistance to customers that qualify, and is this assistance administered on a "sliding scale" (the greater the need, the greater the assistance)?
10. Are there any state laws or local legislation that restricts the design of your affordability program, and if so, how?
11. What difficulties or concerns do you have related to any type of federal and state assistance related to affordability that you have attempted to receive?
12. In what ways could state and/or federal agencies provide additional assistance to your community as you attempt to address affordability issues?
13. Identify the current delinquency rate and what percentage of that total is made up of customers that might fall in an unaffordability category.

Attachment C

Environmental Financial Advisory Board Affordability Workshop Utility Industry Panel Questions to Water and Wastewater Industry Associations

1. How would you define the need to provide assistance to economically disadvantaged customers? What percentage of customers within your industry are paying unaffordable rates?
2. Has your association performed any type of analysis related to affordability? If so, discuss the results of this analysis.
3. Is water and wastewater rate affordability a major problem? How will that change in the future?
4. How is your association addressing this need?
5. Do state laws and/or local regulations create barriers for implementing effective affordability programs? If so, how?
6. How would you propose affordability issues be dealt with by: a) Regulatory agencies such as EPA and state environmental agencies; b) State and federal funding agencies such as bond banks and SRF's?
7. Would you like to see additional guidelines related to affordability? Should they be punitive or incentive based?

Attachment D

Environmental Financial Advisory Board Affordability Workshop Consumers/State Government Panel Questions to Consumers and State Governments

1. What constitutes an affordability problem for a community or a system?
2. How effective are the affordability programs that currently exist?
3. Are affordability programs more concentrated in either the rural sector or in the urban sector? Please explain.
4. What parts of the country are more affected by affordability problems? Why?
5. EPA has suggested that 2% of median household income for water and 2% for sewer might be an affordability target. Can we estimate how many families or households are paying significantly more than 2% of their individual income for either water or sewer?
6. What are typical funding sources for affordability programs and are they adequate for the need?
7. How would you describe whether rates or charges are affordable or unaffordable?
8. What income standards are considered in arriving at a designation of need for subsidy or assistance?
9. Discuss the difficulties/inequities of having the need of affordability assistance based upon “median household income.”
10. What agency(s) within a community should be responsible for implementing an effective affordability program?
11. What are some of the difficulties in implementing an effective affordability program?
12. What message would you send to EPA, or any state regulatory and/or funding agency related to their role in addressing affordability among utility customers.